

0064

Canyon Fuel Company, LLC
Dugout Canyon Mine
P.O. Box 1029
Wellington, Utah 84542



OK
Incoming
C/007/0039

September 28, 2007

Ms. Pamela Grubaugh-Littig
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

RE: Clean Copies of Pages 7-58, 7-59 and 7-60 of the M&RP and Page 3-19 of the Degas Wells Amendment to Add Wells G-18, G-31 and AMV Road, Task ID# 2846 - Dugout Canyon Mine, Canyon Fuel Company, LLC, C/007/039, Carbon County, Utah

Dear Ms. Grubaugh-Littig:

Attached please find four copies of the above referenced pages. In addition we have included attachment divider tabs for Attachments 2-3, 2-4 and 5-4 and covers and spine inserts for the Degas Well Amendment binders.

Enclosed are two copies of archeological reports for incorporation into the Divisions **confidential** folders. Please contact Jerriann Ernstsen upon receiving the archeological reports. Once the reports have been stamped for incorporation, please return one of the two copies to the Dugout Canyon Mine for inclusion into our set of confidential binders.

A copy of this information will be delivered to the Price Field Office.

We appreciate the timely review of this information. Please call with questions (435) 636-2869.

Sincerely yours,

Vicky S. Miller

cc: Dave Spillman

File in: C/007/0039/0007. Incoming
Refer to:
☒ Confidential
☐ Shelf
☐ Expandable
Date 9/28/07 For additional information

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SEP 28 2007

DIV. OF OIL, GAS & MINING

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change ☒ New Permit ☐ Renewal ☐ Exploration ☐ Bond Release ☐ Transfer ☐

Permittee: Canyon Fuel Company, LLC

Mine: Dugout Canyon Mine

Permit Number: C/007/039

Title: Clean Copies of Degas Wells Amendment to Add Wells G-18, G-31 and the AMV Road, Task ID # 2846

Description: Include reason for application and timing required to implement:

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: <u>20.63</u> <input checked="" type="checkbox"/> increase <input type="checkbox"/> decrease. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. Is the application submitted as a result of a Division Order? DO# _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. Does the application include operations in hydrologic basins other than as currently approved? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. Does the application require or include public notice publication? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. Does the application require or include ownership, control, right-of-entry, or compliance information? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. Is the application submitted as a result of a Violation? NOV # _____ |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 10. Is the application submitted as a result of other laws or regulations or policies? |
- Explain:* _____
- | | |
|---|--|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 11. Does the application affect the surface landowner or change the post mining land use? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2) |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 13. Does the application require or include collection and reporting of any baseline information? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 15. Does the application require or include soil removal, storage or placement? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 16. Does the application require or include vegetation monitoring, removal or revegetation activities? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 17. Does the application require or include construction, modification, or removal of surface facilities? |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 18. Does the application require or include water monitoring, sediment or drainage control measures? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 19. Does the application require or include certified designs, maps or calculation? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 20. Does the application require or include subsidence control or monitoring? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 21. Have reclamation costs for bonding been provided? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream? |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 23. Does the application affect permits issued by other agencies or permits issued to other entities? |

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein

David Spillman
Print Name

David Spillman, Engineering Manager
Sign Name, Position, Date

Subscribed and sworn to before me this 27 day of September, 2007

Vicky Sue Miller
Notary Public

My commission Expires: 1-5, 2008
Attest: State of UTAH } ss:
County of CARBON



For Office Use Only: 	Assigned Tracking Number: 	Received by Oil, Gas & Mining <div style="font-size: 1.5em; font-weight: bold; margin: 10px 0;">RECEIVED</div> <div style="font-size: 1.2em; font-weight: bold; margin: 5px 0;">SEP 28 2007</div> <div style="font-weight: bold; margin-top: 20px;">DIV. OF OIL, GAS & MINING</div>
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APPLICATION FOR COAL PERMIT PROCESSING

Mine: Dugout Canyon Mine

Permit Number: C/007/039

Title: Clean Copies of Degas Wells Amendment to Add Wells G-18, G-31 and AMV Road, Task ID#2846

Provide a detailed listing of all changes to the Mining and Reclamation Plan, which is required as a result of this proposed permit application. Individually list all maps and drawings that are added, replaced, or removed from the plan. Include changes to the table of contents, section of the plan, or other information as needed to specifically locate, identify and revise the existing Mining and Reclamation Plan. Include page, section and drawing number as part of the description.

DESCRIPTION OF MAP, TEXT, OR MATERIAL TO BE CHANGED[illegible]

9/28/07 The Degassification Amendment is a stand alone document, pages in this submittal will be incorporated into the existing binder.

Three pages from Chapter 7, have been included in this submittal they go into the M&RP binder.

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DIV. OF OIL, GAS & MINING

In consultation with UDWR (Tony Wright, July 6, 2004) and UDOGM (Jerriann Ernstsens, July 6, 2004) a mitigation project was designated for the Northern Saw Whet Owl to compensate for drilling during the exclusionary period. The project will be completed prior to October 1, 2004. The project will include the construction and installation of 6 to 10 nest boxes on property owned by Canyon Fuel Company, LLC. Because of the UDWR knowledge and experience their personnel will choose the location and install the boxes. Information (goals, procedures, agencies, dates, box locations - township, range, section) concerning the owl mitigation project will be included in the annual report for 2004.

342.200 Plants Used for Wildlife Habitat

Nutritional Value - The nutritional value will be consistent with that of vegetation in the surrounding areas.

Cover - Cover will be comparable to the cover on the associated reference area.

342.300 Cropland

Cropland is not a postmining land use.

342.400 Residential, Public Service, and Industrial Land Use

No residential, industrial or public service use is planned.

350 PERFORMANCE STANDARDS

351 General Requirements

Dugout Canyon commits to conduct all operations in accordance with the plans submitted in Sections R645-301-330 through R645-301-340 of the permit application.

of streams to be monitored are noted on Plate 7-1. The surface water monitoring plans presented herein were developed based on information presented in the PHC determination, the baseline hydrologic data, and the geologic data presented in Chapter 6 of this M&RP.

Station DC-1 will be monitored to evaluate surface-water conditions downstream from the proposed surface facilities. Stations DC-2 and DC-3 will provide data concerning background surface-water conditions immediately upstream from the proposed surface facilities. Stations DC-4 and DC-5 will be located at the Castlegate Sandstone-Blackhawk Formation contact and will provide data that will be used to determine the relationship between the Blackhawk Formation and the base flow of Dugout Creek.

PC-1a and PC-2 are located on Pace Creek and will be monitored to evaluate surface-water conditions up gradient and down gradient, respectively, of the permit area. Monitoring point (Fan) has been added on Pace Creek at a location approximately 600 feet upstream from the top of the Pace Canyon Fan facilities disturbed area boundary. Monitoring locations Fan and PC-2 will be monitored to evaluate surface water conditions up gradient and down gradient, respectively, of the Pace Canyon Fan facilities. RC-1 has also been established as monitoring point to obtain baseline data for future mine expansion. Baseline data will be obtained from the aforementioned three sites (PC-1a, PC-2 and RC-1) for three years prior to initiating operational sampling.

PC-3 is located on Pace Creek below the confluence of an unnamed ephemeral drainage with Pace Creek (Plate 7-1). Degas Wells G-18, G-19 and the AMV road are located adjacent to the unnamed drainage at various elevations. Surface water monitoring location PC-3 was added during the permitting of the AMV road and Degas Wells G-18 and G-31, baseline data was not gathered for this monitoring location. The operational monitoring of PC-3 will begin the 4th quarter of 2007.

Protocols for surface-water monitoring within the permit and adjacent areas are:

- DC-1, FAN, PC-3 - Quarterly data collection in accordance with Table 7-5 (operational parameters). This table is the same as that presented in Coal Regulatory Program Directive Tech-004, with the exception that total hardness and total alkalinity are not included. As explained above, total hardness, which is primarily of concern in water supplies being developed for domestic use, was not added to the list because summer-home development of the permit area is not an identified post-mining land use. Total alkalinity was not added to the list because the baseline data indicate that acid-generating materials, which may affect the alkalinity of the water, are not present within the permit and adjacent areas.

- DC-2, DC-3, PC-1a, PC-2, and RC-1 - Quarterly data collection in accordance with Table 7-5. Collection of gain-loss hydrograph data during the first wet year and the first dry year following permit issuance. Wet and dry years will be defined as noted in the previous groundwater monitoring discussion. The hydrograph will be generated by collecting flow measurements during the first wet year and the first dry year on a weekly basis between April 1 and August 31 as conditions permit.
- DC-4 and DC-5 - Collection of gain-loss hydrograph data during the first wet year and the first dry year following permit issuance, as described above. Collect flow measurements during the first wet year and the first dry year on a weekly basis between April 1 and August 31 as conditions permit. Samples will also be collected for laboratory analyses during the first wet year and the first dry year following permit issuance. Wet and dry years will be defined as noted above. These samples will be collected during the high-flow and low-flow seasons. The samples will be analyzed for tritium and the operational parameters contained in Table 7-5.

In addition to the above regular monitoring, one water sample will be collected at each sampling point during low flow period every fifth year, during the year preceding re-permitting, to be analyzed for baseline parameters (Table 7-5).

The monitoring requirements proposed herein, including the analytical parameters and the sampling frequency, may be modified in the future in consultation with the Division if the data demonstrate that such a modification is justified. Data will be collected from the sedimentation pond discharge point in accordance with the UPDES permit. Data will be collected under the surface water monitoring program every year until bond release.

All surface water monitoring data will be submitted to the Division by the end of the quarter following sampling. If analyses of any surface water sample indicates noncompliance with the permit conditions, SCM will promptly notify the Division and take immediate appropriate actions. UPDES reporting requirements will be met for the sedimentation pond discharge point.

TABLE 7-5
Surface Water Monitoring Program
Field and Laboratory Measurement Protocol

<u>Streams</u>	<u>Protocol</u>	<u>Comments</u>
DC-1	1	Located on Dugout Creek downstream of mine
DC-2	2	Located on Dugout Creek immediately upstream of mine on left-hand fork
DC-3	2	Located on Dugout Creek immediately upstream of mine on right-hand fork
DC-4	3	Located on Dugout Creek upstream of mine on west fork of left-hand fork
DC-5	3	Located on Dugout Creek upstream of mine on east fork of left-hand fork
PC-1a	2	Located on Pace Creek on the eastern edge of State Coal Lease ML 48435-OBA
PC-2	2	Located on Pace Creek on the western edge of State Coal Lease ML 48435-OBA
PC-3	1	Located on Pace Creek in Section 20, T13S R13E
RC-1	2	Located on Rock Creek on the southern edge of State Coal Lease ML 48435-OBA
FAN	1	Located on Pace Creek above fan facilities

Protocols

- 1 Stream: quarterly operational surface water quality measurements analyzed as per parameters listed below.
- 2 Stream: quarterly operational surface water quality measurements analyzed as per parameters listed below except during first wet or dry years when weekly flow will be obtained from April 1 through August 31, as conditions permit, in addition to quarterly samples.
- 3 Stream: weekly flow measurements during first wet or dry year will be obtained from April 1 through August 31 as conditions permit. Also during the first wet or dry year, one operational laboratory sample and one tritium sample will be obtained at these sites during high and low flow season.

Surface Water Quality Parameters

FIELD MEASUREMENTS

Flow
pH
Specific Conductivity
Dissolved Oxygen
Temperature

REPORTED AS

gpm or cfs
pH units
 $\mu\text{S/cm}$ @ 25°C
mg/l
°C

Laboratory Parameters	Reported As	Operational Monitoring	Baseline Monitoring
Acidity	mg/l		X
Aluminum (Dissolved)	mg/l		X
Ammonia	mg/l		X
Arsenic (Dissolved)	mg/l		X
Boron (Dissolved)	mg/l		X